



Legislative Fiscal Bureau

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January 24, 2020

TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: January 2020 Special Session: Agricultural Development and Farmer Assistance

On January 23, 2020, Governor Evers called a January 28, 2020, special session of the Legislature for the purpose of considering several bills related to agricultural development and farmer assistance programs. This document summarizes the provisions and fiscal effects of the draft legislation.

In total, the bills under the Governor's special session call would appropriate \$8,609,300 GPR in the 2019-21 biennium. This includes the following totals by fiscal year and by agency:

January 2020 Special Session -- Fiscal Effect by Year and Agency

<u>Agency</u>	<u>2019-20</u>	<u>2020-21</u>	<u>Biennium</u>
Agriculture, Trade and Consumer Protection (DATCP)	\$2,384,800	\$3,724,500	\$6,109,300
University of Wisconsin System	<u>500,000</u>	<u>2,000,000</u>	<u>2,500,000</u>
Total	\$2,884,800	\$5,724,500	\$8,609,300

The bills would create a total of 35.5 positions, including 15.5 GPR positions in DATCP and 20.0 GPR positions in the UW-Madison Division of Extension. Of the funding included in the bills, \$1,584,800 GPR in 2019-20 and \$3,424,500 GPR beginning in 2020-21 would be appropriated for state operations, including the additional staff positions. Funding for grants and other aids to individuals, organizations or local governments would consist of \$1,300,000 GPR in 2019-20 and \$2,300,000 GPR beginning in 2020-21.

The following sections describe the proposals contained in the draft legislation. Each summary item notes the Legislative Reference Bureau draft numbers in which the proposal appears.

AGRICULTURE, TRADE AND CONSUMER PROTECTION

1. REGIONAL FARMER SUPPORT PROGRAM (LRB-5419 AND 5438)

	Funding	Positions
GPR	\$641,100	6.00

Provide \$641,100 beginning in 2020-21 with 6.0 positions to create the regional farmer support program. Specify that of the amount provided: (a) \$350,500 would be for 5.0 regional staff intended to assist farmers in accessing mental health support services, coordinate local and regional peer support programs, provide confidential individual counseling related to concerns facing farmers, and provide individual assistance to farmers facing crises related to natural disasters or financial problems; (b) \$90,600 would be for 1.0 supervisor of the regional staff; and (c) \$200,000 would be for trainings for mental health and agribusiness professionals to understand sources of stress and issues facing the agricultural community, identify warning signs of stress and suicide, identify effective communication strategies, reduce the stigma associated with mental health concerns, and connect farmers with appropriate resources.

2. FARM CENTER STAFFING (LRB-5413 AND 5433)

	Funding	Positions
GPR	\$421,100	3.50

Provide \$421,100 beginning in 2020-21 with 3.5 positions for Wisconsin Farm Center staff. Of the amount provided, specify that:

(a) \$159,900, including \$24,000 for supplies and services, and 1.5 positions would be for farm succession planning, financial and business consulting services, and farmer transition planning and coaching; (b) \$140,600, including \$50,000 for supplies and services, and 1.0 position would be for outreach and marketing of the Farm Center; and (c) \$120,600, including \$30,000 for supplies and services, and 1.0 position would be for assistance to farmers considering transition to different farming practices and for identifying diversification strategies for farmers by working with UW small business development centers and other entities.

The Wisconsin Farm Center provides information, referrals, and crisis response for farmers and their families. Farm Center services include: (a) technical assistance related to production, processing and marketing; (b) financial consultations; (c) mental health screenings, referrals, and counseling vouchers; (d) farm succession planning; (e) minority and veterans outreach; and (f) mediation and arbitration.

3. WISCONSIN INITIATIVE FOR DAIRY EXPORTS (LRB-5414 AND 5434)

	Funding	Positions
GPR	\$1,000,000	2.00

Create a continuing appropriation with \$1,000,000 in 2019-20 and 2.0 positions to develop the Wisconsin Initiative for Dairy Exports (WIDE). Require DATCP's International Agribusiness Center to administer WIDE, which would seek to bring together stakeholders within the dairy industry to pursue an increase in U.S. dairy exports to 20% of U.S. production by 2024. According to the U.S. Dairy Export Council, U.S. dairy exports totaled 15.8% of production in 2018. A similar provision was included in the Governor's 2019-21 biennial budget

recommendations, except that it proposed funding of \$200,000 with no positions. WIDE was not enacted in 2019 Wisconsin Act 9, the 2019-21 biennial budget act.

4. DAIRY PROCESSOR GRANTS (LRB-5420 AND 5439)

GPR	\$1,200,000
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Provide an additional \$600,000 annually beginning in 2019-20 for dairy processor grants, for a total of \$800,000 each year. Specify that, in awarding dairy processor grants, DATCP shall give preference to persons operating small processing plants. The proposal does not define "small." This provision was included in the Governor's 2019-21 biennial budget recommendations, except funding was proposed to be increased by \$200,000 each year. No action was taken on dairy processor grants under Act 9.

Dairy processor grants provide funding to projects at dairy processing plants that, among other considerations, grow the processing plant, contribute to processor innovation, or improve production and profitability. Eligible projects may include plant modernization and expansion, food safety improvements, staff training, and hiring of professional consultants.

5. SMALL FARM DIVERSITY GRANTS (LRB-5424 AND 5440)

GPR	\$1,000,000
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Create a biennial appropriation and provide \$500,000 each year beginning in 2019-20 to fund a grant program that: (a) for existing agricultural producers, would fund the cost of, or reduce existing equipment debt associated with, the addition of a new agricultural product or increased production of an existing agricultural product, provided market opportunities exist; or (b) for new agricultural producers, would fund start-up costs for new agricultural operations. Require DATCP to promulgate rules, without the finding of an emergency, to administer the small farm diversity grant program.

Limit grants to recipients who earned gross cash farm income in the previous year of at least \$35,000 and no more than 150% of the annual income of a small family farm, as defined by the U.S. Department of Agriculture's Economic Research Service. (In 2013, the definition was updated to reflect gross cash farm income of up to \$350,000, thus the allowable gross cash farm income range would be \$35,000 to \$525,000 annually.) Specify that the maximum allowable small farm diversity grant would be \$50,000 and that recipients would not be required to offer matching funds to grants. Require repayment of grant funds if a recipient: (a) fails to use grant funds for allowable purposes; (b) fails to submit a required report; or (c) knowingly provides false information in a report.

Require any grant recipient to report to DATCP an itemized list of expenditures of grant funds one year after receiving the grant. Further, once a year for three years after receiving the grant, require the recipient to report: (a) the income earned by the agricultural operation; (b) the number of employees of the agricultural operation; and (c) any other information required by DATCP rule.

Define a new agricultural producer as an individual who, as his or her primary occupation, manages a farm or component of a farm in Wisconsin that has produced farm products for no more than 10 consecutive years. Further, define agricultural product as any: (a) fruit; (b) vegetable; (c) grain, including distillers' grain; (d) live livestock, feed for livestock, or nutritional supplement for livestock; (e) fish or minnows; or (f) hemp product. For the purposes of determining farm income

under this program, DATCP would be required to use the definition of farming under s. 102.04(3) of the statutes, which generally defines farming activities to include: (a) planting and cultivating soil; (b) raising and harvesting agricultural, horticultural, and arboricultural crops; (c) raising, breeding, tending, training, and managing livestock, bees, poultry, fur-bearing animals, wildlife or aquatic life, or their products; (d) processing, storing, and distribution of the described commodities; and (e) the maintenance and improvement of facilities and equipment associated with previously described production.

6. FARM-TO-SCHOOL GRANTS (LRB-5416 AND 5436)

GPR	\$400,000
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Provide \$200,000 annually beginning in 2019-20 for farm-to-school grants. Further, create an additional preferred criterion for grant awards by requiring DATCP to give preference to proposals from school districts in which a high percentage of pupils are eligible for a free or reduced-price lunch. Current law specifies that DATCP must give preference to proposals that are innovative or provide models other school districts may adopt. An identical provision was included in the Governor's 2019-21 biennial budget recommendations. No action was taken on farm-to-school grants under Act 9.

Farm-to-school grants are intended to support the creation and expansion of farm-to-school programs, including: (a) promoting production, processing, marketing, and distribution of food produced in Wisconsin for sale to schools in Wisconsin; (b) construction or improvement of facilities for use of food produced in Wisconsin at schools in Wisconsin; (c) training for food service personnel, farmers, and distributors; and (d) nutritional and agricultural education in the classroom. Farm-to-school grants were created under 2009 Wisconsin Act 293, but have never been authorized funding.

7. RESOURCE CONSERVATION PROGRAM AND GRANTS (LRB-5412 AND 5432)

	Funding	Positions
GPR	\$391,200	1.00

Provide \$84,800 in 2019-20 and \$306,400 in 2020-21 with 1.0 position to create a resource conservation program. Of the amounts provided in 2020-21, \$200,000 would be for grants. Require DATCP to provide technical assistance to farmers to maintain agricultural yields while promoting soil health, water quality, and regenerative agricultural practices. Specify that technical assistance must include: (a) connecting farmers with technology and practices that address water quality and environmental sustainability goals, including technology and practices developed by the UW, private sector businesses, and other agricultural producers; (b) developing technical resources; and (c) providing resource conservation grants.

Require DATCP to provide resource conservation grants to local governments, nongovernmental organizations, federally recognized American Indian tribes or bands, businesses, and individuals. Specify grants be provided for development of: (a) technologies and strategies that support conservation efforts on agricultural land; and (b) market-based solutions to environmental and resource challenges in modern farming systems. Limit grant awards to a maximum of \$25,000. Specify that DATCP may promulgate rules to administer the resource conservation program.

8. VALUE-ADDED AGRICULTURE PROGRAM AND GRANTS (LRB-5412 AND 5432)

	Funding	Positions
GPR	\$490,600	1.00

Provide \$490,600 beginning in 2020-21 with 1.0 position, including \$400,000 for grants, to create the value-added agriculture program. Require DATCP to provide educational and technical assistance related to the promotion and implementation of agricultural practices that provide value-added agricultural products. Define value-added agricultural product as a product that: (a) has undergone a change in physical state; (b) is produced in a manner that enhances its value; (c) is physically segregated in a manner that enhances its value; (d) is a source of farm-based or ranch-based renewable energy; or (e) is aggregated and marketed as a locally produced farm product.

Specify that education and technical assistance must include: (a) provision of assistance to organic farming practices, business and market development assistance, collaboration with organic industry participants, and stimulation of interest and investment in organic production; (b) \$200,000 in grants annually to organic producers, industry participants, and local organizations that coordinate organic farming to support education and technical assistance related to implementation of organic farming practices, creation of organic farming plans, and assisting farmers in the transition to organic farming; (c) \$200,000 in grants to appropriate entities (the proposal does not define appropriate entities) to educate and train farmers on best practices of grazing; and (d) assistance to producers in marketing value-added agricultural products, including those produced using practices under the resource conservation program described under the previous item. Specify that DATCP may promulgate rules to administer the value-added agriculture program.

9. FARM-TO-FORK PROGRAM AND GRANTS (LRB-5412 AND 5432)

	Funding	Positions
GPR	\$287,600	1.00

Provide \$287,600 beginning in 2020-21 with 1.0 position, including \$200,000 for grants, to create the farm-to-fork program. Define a farm-to-fork program as one that connects entities, other than school districts, that have cafeterias to nearby farms in order to: (a) provide locally produced fresh fruit, vegetables, dairy products, and other nutritious, locally produced foods in meals and snacks, in order to develop healthy eating habits in the general public; (b) provide nutritional and agricultural education; and (c) improve farmers' incomes and direct access to markets.

Require DATCP to provide grants to businesses, universities, hospitals, and other entities other than school districts that have cafeterias for the purposes of creating and expanding farm-to-fork programs. Specify that DATCP give preference to proposals that are innovative or provide models other entities may adopt. Specify that grants may support projects that include: (a) creating, expanding, diversifying, or promoting production, processing, marketing, and distribution of food produced in Wisconsin for sale to entities in Wisconsin other than schools; (b) construction or improvement of facilities, including purchases of equipment, intended to support consumption of food produced in Wisconsin in places in Wisconsin other than schools; (c) training for food service personnel, farmers, and distributors; and (d) nutritional and agricultural education. Require DATCP to promote agricultural development and farm profitability in provision of farm-to-fork grants by supporting the development and adoption of practices and agribusiness opportunities that involve

the production of value-added agricultural products. Require DATCP to consult with interested persons to establish grant priorities each year. Require DATCP to report at least once a year to the DATCP Secretary and appropriate standing committees of the Legislature on the need and opportunity for farm-to-fork programs. Specify that DATCP may promulgate rules to administer the Department's farm-to-fork program.

10. FARM BUSINESS CONSULTANT GRANTS (LRB-5413 AND 5433)

GPR	\$200,000
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Create a continuing appropriation and provide \$200,000 beginning in 2020-21 for grants to UW-Extension county agriculture agents to assist farm operators in hiring business consultants to review farm business plans.

11. AGRICULTURAL DEVELOPMENT GRANTS ADMINISTRATION POSITION (LRB-5412 AND 5432)

	Funding	Positions
GPR	\$77,700	1.00

Provide \$77,700 beginning in 2020-21 with 1.0 position to coordinate and administer grants provided by DATCP's Division of Agricultural Development.

Grant programs proposed to be funded or created as part of the January 2020 Special Session on agriculture that would be overseen by this position would include dairy processor grants, farm-to-school grants, farm-to-fork grants, small farm diversity grants, farm business consultant grants, and value-added agriculture grants. Other existing grant programs not addressed by special session proposals that would be overseen by the position would include Buy Local, Buy Wisconsin grants, county and district fair aids, dairy industry promotion grants, agriculture in the classroom grants, and specialty crop block grants.

UNIVERSITY OF WISCONSIN SYSTEM

1. COUNTY-BASED AGRICULTURE POSITIONS FOR DIVISION OF EXTENSION AT UW-MADISON (LRB-5449 AND 5450)

	Funding	Positions
GPR	\$2,500,000	20.00

Provide \$500,000 in 2019-20 and \$2,000,000 in 2020-21 with 20.0 positions beginning in 2019-20 in UW System's general program operations appropriation for county-based agriculture positions in the Division of Extension of UW-Madison. Require that the Board of Regents allocate \$500,000 in 2019-20 and \$2,000,000 in each fiscal year thereafter to pay all costs associated with the 20 positions authorized under the bill. This provision was included in the Governor's 2019-21 budget recommendation but not enacted as a part of 2019 Act 9.